Paper No. 25
DEB

THIS DISPOSITION IS NOT
CITABLE AS PRECEDENT OF THE TTAB APRIL 6, 99

U.S. DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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Mayer/Berkshire Corporation
v.
Noe-Equl Hosiery Corporation

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Opposition No. 100,060
to application Serial No. 74/626,075
filed on January 26, 1995

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Glenn Mitchell of Fross Zelnick Lehrman & Zissu, P.C. for Mayer/Berkshire Corporation.

Donald C. Casey of Law Offices of Donald C. Casey for Noe-Equl Hosiery Corporation.

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Before Hanak, Walters and Bucher, Administrative Trademark Judges.

Opinion by Bucher, Administrative Trademark Judge:

Noe-Equl Hosiery Corporation filed an application to register the mark EBONIQUE on the principal register for

"hosiery, pantyhose, and socks."[1] Mayer/Berkshire Corporation filed a timely notice of opposition on December 15, 1995. As grounds for opposition, opposer asserted prior use of the registered trademark EBONY RICH for "pantyhose"[2] and EBONY SUPREME for "pantyhose and hosiery."[3] Opposer asserted that it sells nearly identical items of hosiery and that applicant's mark, as applied to applicant's goods, so resembles opposer's marks that confusion is likely under Section 2(d) of the Lanham Act. Opposer also contends that the adoption and use of this mark violates the terms of a since-terminated license agreement between the parties. Finally, opposer contends the timing of applicant's filing of this trademark application and the continuation of identical packaging from applicant's use as licensee of EBONY SUPREME to EBONIQUE call into question applicant's good faith adoption of the EBONIQUE trademark.

Applicant's answer denied that confusion is likely. The answer contends that opposer has abandoned its use of

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[1] Serial No. 74/626,075, in International Class 25, filed January 26, 1995, based upon an allegation of a *bona fide* intention to use the mark in commerce.

[2] Registration No. 1,235,538, issued on the Supplemental Register on April 19, 1983; §8 affidavit accepted.

[3] Registration No. 1,887,209, issued on the Principal Register on April 4, 1995, filed on November 19, 1991.

EBONY SUPREME[4]. Then in two arguments made for the first time in its brief, applicant argues that opposer is actually estopped from bringing this opposition due to a consent agreement between opposer and a third party, Johnson Publishing Company, Inc., and that the instant opposition should be dismissed as not being properly before this Board because of an arbitration clause in the license agreement.[5]

A trial was conducted and legal briefs have been filed, but neither party requested an oral hearing.

The record includes the application of Noe-Equl Hosiery Corporation, the discovery deposition, with exhibits, of Mr. Arnold Bookoff, president of Noe-Equl Hosiery Corporation, relied upon by opposer, applicant's discovery responses relied upon by opposer, opposer's

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[4] " 7. Upon Information and belief, Applicant alleges that Opposer does not use the mark EBONY SUPREME and, thus, has abandoned it." (Applicant's "Answer to Notice of Opposition, p.2). While Applicant continues through its brief at trial to argue EBONY SUPREME has been abandoned, we cannot entertain this as an affirmative defense inasmuch as Applicant has not filed a counterclaim to cancel that registration.

[5] "ARGUMENTS:

I. Either Opposer has not been legally damaged and has no standing to bring this action, or Opposer is estopped to assert a likelihood of confusion based on its prior agreement with Johnson Publishing Company.

II. This Opposition should be dismissed as merely a subterfuge to avoid a prior contractual arbitration agreement between Opposer and applicant."

[Applicant's Answer Brief, pp. 5,8].

discovery responses relied upon by applicant,[6] and certified copies of the two relevant registrations of opposer for hosiery and pantyhose. In addition, opposer submitted notices of reliance on excerpts from the December 1996 issue of the *Accessories* magazine. The excerpts are listings of trademarks in the accessories industry.

Arbitration Clause of Terminated License Agreement

Applicant argued at the time of the filing of briefs in the instant case that opposer is precluded from bringing this opposition due to the existence of an arbitration clause in the now-terminated license agreement.[7] On this matter, we agree with opposer that inasmuch as this argument was made for the first time so late in this proceeding, we will not consider whether it would be well taken if timely pleaded or tried by the parties. We do find that applicant has submitted to the jurisdiction of this Board in this matter by fully trying this case before the Board prior to raising this issue.

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[6] Applicant's reliance on this discovery also brought into evidence two exhibits discussed herein, namely, the trademark license agreement between opposer and applicant, and the third-party agreement between opposer and Johnson Publishing Co. [*See* more about this agreement at footnote 24].

[7] *See* Applicant's Argument II, footnote 5, *supra*, and Applicant's Answer Brief (final trial brief), p. 8].

ISSUE: Likelihood of Confusion

The sole issue before us is whether confusion is likely. Priority is not in issue with respect to the marks and goods shown therein in view of opposer's valid and subsisting registrations. *See King Candy Co.* v. *Eunice King's Kitchen*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974).

In the course of rendering this decision, we have followed the guidance of *In re E.I. du Pont DeNemours &* Co., 476 F.2d 1357, 1362, 177 USPQ 563, 567-68 (CCPA 1973), that sets forth the factors which, if relevant, should be considered in determining likelihood of confusion.

This evaluation leads us to conclude that applicant's mark, "EBONIQUE," as applied to applicant's hosiery and pantyhose, so resembles opposer's "EBONY RICH" and "EBONY SUPREME" marks for hosiery and pantyhose that confusion is likely.

The parties' goods are substantially identical

The "hosiery" and "panty-hose" items identified in the application are identical to the same goods recited in both of opposer's pleaded registrations. Furthermore, the evidence establishes that all relevant goods sold (or intended to be sold) under these respective marks are sheer hosiery directed to a discrete niche market. Applicant has

recently sold under the mark EBONIQUE, similar, if not identical goods, to those covered by opposer's license. In fact, for almost three years, applicant was opposer's exclusive licensee for these EBONY SUPREME hosiery items which applicant targeted to African American women.[8] Applicant has distributed sheer pantyhose having the same characteristics (e.g., including size and denier) at different times in substantially identical packaging under both marks -- "EBONY SUPREME," as opposer's licensee, and more recently, "EBONIQUE."

Similarities of Marks

The word "Ebony" is the dominant portion of registrant's two claimed trademarks -- EBONY RICH and EBONY SUPREME. The words "Rich" and "Supreme" are adjectives modifying the word "Ebony." In each of these marks, this second word is merely descriptive, as both are laudatory terms touting the quality of the goods. Similarly, "Ebony" is highly suggestive in relation to these particular goods.[9] Thus, we find the word "EBONY" to be the dominant portion of each of opposer's marks. Applicant's mark, EBONIQUE,

[8] Bookoff Deposition, pp. 21-23, 30.

[9] We note, for example, that "EBONY RICH" is registered on the Supplemental Register.

uses the same root word, EBONY, and adds the suffix, "IQUE" or "QUE,"[10] while dropping the letter "Y."[11] We agree with opposer that the "EBONY" portions of opposer's marks and the EBONI… portion of applicant's mark are identical in sound and substantially similar in appearance.

Trade Channels

Since the respective identifications of goods are unrestricted, we must assume that the parties' goods travel in the same channels of trade. Furthermore, the evidence in this case indicates that the trade channels for the parties' respective goods will, in fact, overlap. For purposes of distribution, applicant appears to have in place a group of wholesalers and retail chains[12] it has cultivated over a period of decades. This clearly includes one national supermarket chain, Safeway, to which applicant has distributed sheer hosiery throughout the Washington DC and Baltimore areas. According to the testimony of

[10] Mr. Bookoff testified that in the mid-90's, he and an unnamed secretary collaborated in coming up with a new mark. He settled on EBONIQUE because he wanted something that sounded upscale, or "boutique-ish." [Bookoff Deposition, pp. 42-49, emphasis supplied].

[11] If one were to add the "…IQUE" suffix to the word "EBONY," under the usual expectations of the English language, most of us would anticipate that the "Y" would be dropped.

[12] Bookoff Deposition, pp. 32-37.

applicant's president, when applicant was opposer's licensee, Safeway was a primary distribution channel for EBONY SUPREME. Similarly, applicant's president indicated that Safeway would clearly continue to serve as such for EBONIQUE goods.[13]

Conditions of Sale

While the record indicates that the parties' goods are in the medium price range among all hosiery,[14] we point out that there is no limitation in opposer's registrations or in applicant's application as to the type or quality of the pantyhose and hosiery. However, applicant's president himself admits that women often make an impulse purchase of pantyhose based largely upon recognition of familiar trade dress.[15] Accordingly, on a "conditions of sale" continuum, extending from sophisticated professionals buying expensive items all the way to "impulse purchases" made by everyday consumers, arguably the woman picking up a pair of

[13] Bookoff Deposition, pp. 37, 60-61, 102-103.

[14] Applicant's president testified that all its hosiery is at the midpoint on the range of retail price points (approximately $1.^{50}$ to $4.^{00}$). The possible variations in the panty portion of the goods noted above [see footnote 8], would, if anything, tend to push the EBONIQUE hosiery to a somewhat lower retail price. (Bookoff Deposition, pp. 39-41, 82, 105-106.)

[15] Bookoff Deposition, pp. 110.

pantyhose for $1.[50] in an aisle of the local supermarket falls toward the latter end of the spectrum.

Strength of Mark

Applicant argues that EBONY is a weak formative deserving of limited protection.[16] At the same time, however, applicant's president admits he does not know of any other hosiery manufacturers currently using the "EBON-" formative.[17] Applicant's answer in this opposition claims that there are thirty-five pending trademark applications or federal trademark registrations having the EBONY formative.[18] However, during this trial, applicant has failed to introduce into evidence a single third-party registration or evidence of third-party usage of marks containing the word EBONY in connection with the same or similar goods. Presumably if the federal trademark registry were replete with third-party composite marks including the term EBONY that had been registered for

[16] Applicant's "Answer to Notice of Opposition," ¶¶10-11, March 1, 1996.

[17] Q: [Opposer's Counsel] "Are you aware of any other marks for hosiery products that include the letters E-B-O-N as part of it?

A: [Arnold Bookoff, Applicant's President] "No." Bookoff Deposition, pp. 119.

[18] Applicant's Answer to Notice of Opposition, ¶11.

goods/services closely related to hosiery, applicant would have brought those registrations to the Board's attention.

Third-Party Consent Agreement

Applicant has made of record a consent agreement between opposer and a third party, Johnson Publishing Company, which formed the basis for the conclusion of a cancellation proceeding not involving applicant.[19]

[19] In April 1994, a cancellation petition before this Board [Cancellation No. 21,469, Johnson Publishing Company, Inc. (Petitioner) v. Mayer/Berkshire Corporation (Registrant)] was dismissed WITH PREJUDICE as to the specific abandonment claim pleaded and WITHOUT PREJUDICE in all other regards. Relevant portions of the agreement on which the "Stipulation for Dismissal" was based, are reproduced as follows:

> "WHEREAS, Johnson is the owner of the mark EBONY for magazines, books and other publications, for cosmetics, toiletries and perfumes, for clothing of various types, and for entertainment services of various types, and is the owner of numerous variations therof, and has applied to register the mark EBONY for a house mark for clothing, which mark is the subject of a pending application in the U.S. Patent and Trademark Office, serial number 74/020,396; and
>
> WHEREAS, the U.S. Patent and Trademark Office has refused registration of Johnson's application for EBONY on the basis of Mayer/Berkshire's registration for the mark EBONY RICH, and has refused registration of Mayer/Berkshire's application for EBONY SUPREME on the basis of Johnson's application for EBONY; …"
>
> WHEREAS, Johnson has petitioned to cancel Mayer/Berkshire's Registration No. 1,235,538 for EBONY RICH on the ground of abandonment, Cancellation No. 21,469; and
>
> WHEREAS, the parties believe that their respective marks may continue to coexist, provided that the parties maintain use of their respective marks in accordance with this Agreement;
>
> NOW, THEREFORE, the parties agree as follows:

(Note continued on the following page →)

Applicant contends that this agreement precludes opposer from "using or registering any other mark confusingly similar to the word 'Ebony' for hosiery or related products, and that use and registration of 'Ebony' for hosiery by another would not be likely to create confusion." (Applicant's brief, p. 2.) We note that the facts of the *Johnson Publishing v. Mayer/Berkshire* case are not before us. However, based solely upon the terms of the consent agreement that have been made a part of this record, we find applicant has overstated the obligations placed upon opposer as a result of this third-party agreement. Noting their long coexistence without confusion, the parties therein agreed only that their respective marks could continue to coexist provided that they used their marks in accordance with the limitations set out in the agreement. In this context, opposer agreed

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(footnote from prior page)

1. Mayer/Berkshire may use and register its marks EBONY RICH and EBONY SUPREME for pantyhose… (the "Mayer/Berkshire goods").
2. Mayer/Berkshire shall not adopt, use or seek to register any other mark with the term EBONY or any similar variations (e.g., EBENE, EBONE, etc.) for the "Mayer/Berkshire goods," or any other hosiery or related products…

[Agreement of March 10, 1994, between Johnson Publishing Company, Inc. and Mayer/Berkshire Corporation, Exhibit G, on which opposer submitted notice of reliance in the instant case on November 24, 1997.]

not to "adopt, use or seek to register any other mark with the term EBONY or any similar variations. (E.g., EBENE, EBONE, etc.) for [the instant opposer's goods] or any other hosiery or related products ..." This agreement does not preclude opposer herein from preventing likelihood of confusion between its marks and the marks of third parties. Further, the above-quoted statement from the agreement is clearly intended to be understood in the context of the specific facts and terms contained in the agreement. Thus, it does not evidence any admission by opposer that there is no likelihood of confusion between its marks and third party marks that include variations of EBONY in connection with hosiery.

Actual Confusion / Trade dress

There is no evidence in the record of actual confusion. However, this is hardly relevant as this application to register EBONIQUE is based on intent to use, and applicant's president has characterized the volume of sales under the mark EBONIQUE as "insignificant" and "less than a thousand dollars."[20]

[20] Bookoff Deposition, pp. 61-62.

As noted, Mr. Bookoff has admitted these are low-cost, impulse items. Additionally, he states that packaging is often more important than trademarks. Yet applicant indicates it intends to sell its goods in packaging identical to the EBONY SUPREME packaging. Granted, the trade dress herein is not part of the registered marks or the mark sought to be registered. Regardless of applicant's assertion that it owns a copyright for the relevant trade dress,[21] to the extent applicant uses identical packaging with EBONIQUE as it used on EBONY SUPREME, it certainly adds to the likelihood of confusion in this case.

> …Ordinarily, for a word mark we do not look to the trade dress, which can be changed at any time (cite omitted). But the trade dress may nevertheless provide evidence of whether the word mark projects a confusingly similar commercial impression. Applicant's labels support rather than negate that of which opposer complains…

Specialty Brands, Inc. v. Coffee Bean Distributors, Inc., 748 F.2d 669, 223 USPQ 1281 (Fed. Cir. 1984).

Thus, given the similarities of these marks and the identity of the goods, if applicant markets these goods in

[21] We make no finding regarding such copyright ownership herein. However, we note that, by the terms of the license agreement between opposer and applicant, applicant was required to submit all packaging designs and advertising to opposer for approval.

packages having identical trade dress, as contemplated, the likelihood of confusion increases.

License Agreement

What exactly should be the impact of paragraph 11 of the now expired license agreement of May 8, 1992 on our determination of likelihood of confusion? This agreement covered the mark EBONY SUPREME where opposer was the licensor and applicant was the licensee. Opposer's rights are made clear from the following provisions of this license agreement:

> 11. OWNERSHIP OF TRADEMARK Licensee hereby acknowledges the ownership of the EBONY SUPREME mark by Licensor and agrees not to contest such ownership, or the ownership by Licensor of the marks EBONY RICH and LADY SUPREME. All use of the EBONY SUPREME mark by Licensee shall inure to the benefit of Licensor. All rights in the EBONY SUPREME mark other than those specifically granted in this Agreement are reserved by Licensor for its own use. Licensee shall not, either during or after the term of this Agreement, adopt, use or seek to register any trademark incorporating the word EBONY or the word SUPREME without the prior written permission of Licensor. [emphasis supplied].

Given our disposition of this case, we find it unnecessary to determine whether this provision provides a separate ground for this opposition. However, considering paragraph 11 of this agreement in the context of our determination of likelihood of confusion, it would be illogical to suggest that this contract language in any way

enlarges applicant's rights in the mark EBONIQUE beyond that which it would have had as an unrelated, third party (i.e., under the common law and/or under Section 2(d) of the federal Trademark Act). Rather, the licensee (applicant herein), who is certainly a willing contract partner in 1992, promised even beyond the term of this license, not to "adopt, use or seek to register" any trademark incorporating the word "EBONY." In this regard, applicant states in its brief (p. 6):

> …The Applicant's license agreement merely specified that upon termination, under paragraph 11, Applicant would not adopt, use or seek to register any mark incorporating the marks "Ebony" or "Supreme" but there was no prohibition in that agreement of the use of any confusingly similar version of those marks. Applicant therefore did not agree not to adopt or use any confusingly similar mark in that license agreement.

Applicant's argument is not well taken as we are compelled in this proceeding to determine the question of likelihood of confusion.

Under the "similarities of the marks" prong of the traditional §2(d) likelihood of confusion analysis, we have concluded that these two formulations -- EBONY and the EBONI… portion of EBONIQUE –- are similar in sound and appearance. If applicant had considered formulations like EBONY-IQUE, EBONYIQUE, or EBONIQUE, it seems like sophistry

to suggest that the first two might violate the understanding of the license (to say nothing of the rules of the English language), while the third is acceptable under the parties' expired contract.

Intent

Mr. Arnold Bookoff, President of applicant, sent a letter to opposer on February 24, 1995, notifying opposer of his intention to terminate the license.[22] Opposer argues that the fact applicant filed the instant ITU application four weeks prior to giving notice of termination of the contract reflects bad faith, i.e., that applicant's actions are probative of an intent to trade on opposer's goodwill in its trademark. We find the record in this case insufficient to warrant a conclusion of bad faith on applicant's part. However, applicant clearly intended to continue selling the same type of goods through identical

[22] Section 18.1 of the license agreement speaks to TERMINATION BY LICENSEE: "Licensee shall have the right to terminate this Agreement for any reason, upon one hundred twenty (120) days prior written notice to Licensor."

The contents of Mr. Bookoff's letter of February 24, 1995 are as follows: "I decided not to renew license agreement for Ebony Supreme after long deliberation. I appreciated courtesies extended to me and thank you for all past favors." Opposer's Exhibit 3. The parties do not dispute the propriety of applicant's termination of the license agreement in accordance with the explicit terms of that agreement.

trade channels –- planning to use the same packaging design as used by applicant when it was opposer's licensee. Under these circumstances, applicant had an extra responsibility, upon choosing a new mark, to avoid a likelihood of confusion with opposer's pre-existing registered marks.

Decision

Therefore, in view of the substantial similarity between the parties' marks and goods, and the identity of the trade channels, we find that confusion is likely in this case.

Finally, "[a]ny doubts about likelihood of confusion … must be resolved against applicant as the newcomer." *In re Hyper Shoppes (Ohio), Inc.*, 837 F.2d 463, 464-65, 6 USPQ2d 1025, 1026 (Fed. Cir. 1988). *See also Crown Radio Corp. v. Soundscriber Corp.*, 506 F.2d 1392, 1393, 184 USPQ 221, 223 (CCPA 1974) (doubt resolved against newcomer in cancellation proceeding).

Accordingly, the opposition is hereby sustained and the application for EBONIQUE is refused.

E. W. Hanak

C. E. Walters

D. E. Bucher

Administrative Trademark Judges, Trademark Trial and Appeal Board